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CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1718

Introduced by Assembly Member Blumenfield

(Coauthors: Assembly Members Huffman, Ma, Torres, and Yamada)

(Coauthors: Senators Alquist and Correa)

February 2, 2010

An act to amend Sections *16181*, 16182, 16183, *16184*, *16185*, *16186*, *16190*, *16191*, *16192*, 16200, 16202, 16211, 16211.5, and 53684 of, and to repeal and add Sections 16180 and 16213 of, the Government Code, and to amend Sections 2505, 2515, 3698.5, 3698.7, *3793.1*, *4671*, *4671.3*, *4672.3*, *4673*, *4673.1*, *4674*, *4703*, *4703.2*, 20503, 20505, *20542*, 20582, 20583, 20583.1, 20585, 20586, 20605, 20621, 20622, ~~20639.1~~, ~~20639.6~~, ~~20639.8~~, ~~20639.9~~, ~~20639.11~~, 20640.1, 20640.3, 20640.4, 20640.6, 20640.8, 20640.9, 20640.11, 20641, ~~and 20643~~ *20641.5*, *20643*, *20645.5*, and *20645.6* of, to add Sections 20584.1, 20587, 20588, 20589, 20590, ~~20591~~, and ~~20648~~ *and 20591* to, to repeal Section 20623 of, to repeal Chapter 3 (commencing with Section 20625) *and Chapter 3.3 (commencing with Section 20639)* of Part 10.5 of Division 2 of, and to repeal and add Sections 2514 and 20602 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1718, as amended, Blumenfeld. Taxation: property tax postponement.

The Senior Citizens and Disabled Citizens Property Tax Postponement Law, until February 20, 2009, authorized a claimant, as defined, to file a claim with the Controller to postpone the payment of ad valorem property taxes, where household income, as defined, did not exceed specified amounts. Existing law authorized the Controller, upon approval of the claim, to either make payment directly to specified entities, or to issue the claimant a certificate of eligibility that constituted a written promise of the state to pay the amount specified on the certificate, as provided. Existing law required these payments to be made out of a specified funds appropriated to the Controller, as specified, and also required repaid property tax postponement payments be transferred, as specified, to the General Fund.

This bill would revise and recast the provisions of the Senior Citizens and Disabled Citizens Property Tax Postponement Law to, among other things, delete the Controller's authority, either to make payments directly to specified entities or to issue a property tax postponement payment on behalf of the claimant upon receipt of a specified verification from the county tax collector.

This bill would instead authorize the Controller to use moneys in the Senior Citizens and Disabled Citizens Property Tax Postponement Fund, a continuously appropriated fund that this bill would create, to make property tax postponement payments, as specified, or to pay costs incurred in administering the program or the fund. *By increasing the duties of local officials to administer the program, this bill would impose a state-mandated local program.* This bill would require all sums paid by the Controller to be secured by a lien, which has ~~priority over all other subsequently filed liens~~ *the same priority as a county tax lien, as described.* This bill would require the Controller to prescribe a maximum annual postponement loan amount, and would require the Controller to annually calculate the interest rate to be applied to a deferral made on or after January 1, ~~2010~~ 2012, as provided. This bill would require property tax postponement loan repayments, for all property tax postponement loans made after ~~January 1, 2010~~ February 20, 2009, to be deposited into the fund. This bill would require the Controller to assess an annual fee of \$75 on each participant of the program for whom property taxes are deferred on or after January 1, 2010, and the proceeds

of the fee to be deposited in the Senior Citizens and Disabled Citizens Property Tax Postponement Fund. By requiring moneys to be deposited within a continuously appropriated fund, this bill would make an appropriation.

This bill would also create the Property Tax Postponement Participating Local Agency Account, a trust account within the Senior Citizens and Disabled Citizens Property Tax Postponement Fund, and would require any moneys deposited in the fund by a county or city and county participating in the program to be held for in the account for 10 years from the date of their deposit. The bill would specify the annual interest rate applicable to moneys in the account. By requiring additional moneys to be deposited within a continuously appropriated fund, this bill would make an appropriation.

This bill would prohibit a mortgagee, trustee, or other person authorized to take sale on real property due to the mortgagor's or trustor's failure to pay property taxes from filing a notice of default for 5 years ~~following the initiation of that authorization~~ *from the date on which the property taxes became delinquent*, if the mortgagor or trustor provides evidence of participation in the property tax postponement program, *as specified*. The bill would require the Controller to provide specified program participants with written confirmation of participation for use as evidence.

This bill would also make conforming changes to the ~~Senior Citizens Mobilehome Property Tax Postponement Law and the Senior Citizens Possessory Interest Holder Property Tax Postponement Law~~.

Existing law, on and after February 20, 2009, prohibits a person from filing a claim for postponement, and prohibits the Controller from accepting applications for postponement, under the Senior Citizens and Disabled Citizens Property Tax Postponement Law.

This bill would repeal that provision.

~~This bill would, for the 2009–10 and 2010–11 fiscal years, authorize the tax collector to cancel any delinquent penalties owed by the claimant for those fiscal years if a postponement claim is timely filed, as specified.~~

The Senior Citizens Tenant-Stockholder Property Tax Postponement Law authorizes a tenant-stockholder claimant, as defined, to file with the Controller a claim to postpone the payment of ad valorem property taxes, as specified.

This bill would repeal that law and make conforming changes to related provisions.

The Senior Citizens Mobilehome Property Tax Postponement Law authorizes a mobilehome claimant, as defined, to file with the Controller a claim to postpone the payment of ad valorem property taxes, as specified.

This bill would repeal that law and make conforming changes to related provisions.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Since 1977, the Senior Citizens and Disabled Citizens
4 Property Tax Postponement Law has helped eligible elderly and
5 disabled residents on fixed incomes remain in their homes by
6 deferring payment of property taxes until the house is sold or
7 ownership otherwise transferred.

8 (b) Suspension of the Senior Citizens and Disabled Citizens
9 Property Tax Postponement Law in February 2009 has exposed
10 participants to possible default on property taxes in December
11 2009 and thereafter, and has heightened fears of home foreclosures.

12 (c) While counties may not force the sale of a home to collect
13 on delinquent property taxes for five years, no similar delay applies
14 to lenders that would protect the elderly and disabled who would
15 have participated in the property tax deferral program established
16 pursuant to the Senior Citizens and Disabled Citizens Property
17 Tax Postponement Law had it not been suspended.

18 SEC. 2. Section 16180 of the Government Code is repealed.

19 SEC. 3. Section 16180 is added to the Government Code, to
20 read:

21 16180. (a) The Senior Citizens and Disabled Citizens Property
22 Tax Postponement Fund is hereby created in the State Treasury.
23 Notwithstanding Section 13340, moneys in the fund are
24 continuously appropriated to the Controller, without regard to
25 fiscal year, for use in accordance with this chapter.

26 (b) All expenses incurred in carrying out the provisions of this
27 chapter and Chapter 2 (commencing with Section 20581), Chapter
28 3.3 (commencing with Section 20639), and Chapter 3.5
29 (commencing with Section 20640) of Part 10.5 of Division 2 of

the Revenue and Taxation Code shall be payable solely from the fund. No liability or obligation shall be imposed upon the state, and none shall be incurred by the Controller, beyond those authorized by this chapter or Chapter 2 (commencing with Section 20581), ~~Chapter 3.3 (commencing with Section 20639)~~, and Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of the Revenue and Taxation Code.

(c) The Controller may use moneys in the fund for either of the following purposes:

(1) To make property tax payments on behalf of claimants pursuant to this chapter and Chapter 2 of Part 10.5 of Division 2 of the Revenue and Taxation Code.

(2) To pay costs incurred in administering the program or the fund.

(d) Any moneys deposited into the Senior Citizens and Disabled Citizens Property Tax Postponement Fund by a participating county or city and county shall be held in a trust account which is hereby created and titled the Property Tax Postponement Participating Local Agency Account. All moneys in the account shall be nonstate moneys, ~~be exempt from subdivision (d)~~, and shall be used exclusively by the Controller for the purpose specified in paragraph (1) of subdivision (c).

(e) Deposits into the *Property Tax Postponement* Participating Local Agency Account shall not be subject to claim by the participating local agency until 10 years after the date of deposit into the account. The Controller shall credit to each subaccount in the account an annual interest rate equal to the 5 percent per annum or an amount calculated using the interest rate on the United States Treasury's 10-year bond note at the date of deposit plus 2 percent, whichever is higher which shall be repaid 10 years after the deposit date. If money in a subaccount is used for the purpose specified in paragraph (1) of subdivision (c), interest shall continue to be credited as provided in this subdivision.

(f) Deposits into the *Property Tax Postponement* Participating Local Agency Account authorized by resolution of a county board of supervisors shall be deemed consistent with prudent financial management pursuant to Section 53637 of the Government Code, and a prudent investment of public funds pursuant to Sections 27000.3 and 27000.5 of the Government Code.

(g) The aggregate amount deposited into the *Property Tax Postponement* Participating Local Agency Account shall not exceed thirty million dollars (\$30,000,000) annually.

(h) The Controller shall be responsible for maintaining the account and shall maintain a separate subaccount for each deposit made.

(i) (1) Except for amounts appropriated by the Legislature for the Controller's costs to administer the program in its initial year, moneys deposited into this fund shall be from non-General Fund revenue sources and any repayment made to a participating local agency of any principal and interest shall be made exclusively from this fund and shall not be a General Fund obligation.

(2) Property tax postponement payments repaid pursuant to the Senior Citizens and Disabled Citizens Property Tax Postponement ~~law~~ Law as it existed on February 19, 2009, shall continue to be transferred to the General Fund.

SEC. 4. *Section 16181 of the Government Code is amended to read:*

16181. (a) The Controller shall maintain a record of all properties against which a notice of lien for postponed property taxes has been recorded. The record shall include, but not be limited to, the names of each claimant, a description of the real property against which the lien is recorded, the identification number of the notice of lien assigned by the Controller, and the amount of the lien.

(b) The Controller shall maintain a record of all properties against which the Department of Housing and Community Development has been notified to withhold the transfer of title. The record shall include, but not be limited to, the names of each claimant, a description of the mobilehome against which a lien is charged, and the amount of the lien.

(c) Upon written request of any person or entity, or the agent of either, having a legal or equitable interest in real property ~~or a mobilehome~~ which is subject to a lien for postponed taxes, the Controller shall within 10 working days following receipt of the request issue a written statement showing the amount of the obligation secured by the lien as of the date of such statement and such other information as will reasonably enable the person or entity, or the agent of either, to determine the amount to be paid

1 the Controller in order to obtain a certificate of release or discharge
2 of the lien for postponed taxes.

3 (d) The Controller shall adopt regulations necessary to
4 implement the provisions of this chapter and may establish a
5 reasonable fee, not to exceed ten dollars (\$10), for the provision
6 of the statement of lien status provided for herein.

7 ~~SEC. 4.~~

8 *SEC. 5.* Section 16182 of the Government Code is amended
9 to read:

10 16182. (a) All sums paid by the Controller under the provisions
11 of this chapter, together with interest thereon, shall be secured by
12 a lien in favor of the State of California upon the real property ~~or~~
13 ~~a mobilehome~~ for which property taxes have been postponed, or
14 both. In the case of a residential dwelling which is part of a larger
15 parcel taxed as a unit, such as a duplex, farm, or multipurpose or
16 multidwelling building, the lien shall be against the entire tax
17 parcel. Notwithstanding any other law to the contrary, this lien
18 shall have the same priority as a county property tax lien, as
19 described in Section 2192.1 of the Revenue and Taxation Code.

20 (b) In the case of real property:

21 (1) The lien shall be evidenced by a notice of lien for postponed
22 property taxes executed by the Controller, or the authorized
23 delegate of the Controller, and shall secure all sums paid or owing
24 pursuant to this chapter, including amounts paid subsequent to the
25 initial payment of postponed taxes on the real property described
26 in the notice of lien.

27 (2) The notice of lien may bear the facsimile signature of the
28 Controller. Each signature shall be that of the person who shall be
29 in the office at the time of execution of the notice of lien; provided,
30 however, that such notice of lien shall be valid and binding
31 notwithstanding any such person having ceased to hold the office
32 of Controller before the date of recordation.

33 (3) The form and contents of the notice of lien for postponed
34 property taxes shall be prescribed by the Controller and shall
35 include, but not be limited to, the following:

36 (A) The names of all record owners of the real property for
37 which the Controller has advanced funds for the payment of real
38 property taxes.

39 (B) A description of the real property for which real property
40 taxes have been paid.

1 (C) The identification number of the notice of lien which has
2 been assigned the lien by the Controller.

3 (4) The notice of lien shall be recorded in the office of the
4 county recorder for the county in which the real property subject
5 to the lien is located.

6 (5) The recorded notice of lien shall be indexed in the Grantor
7 Index to the names of all record owners of the real property and
8 in the Grantee Index to the Controller of the State of California.

9 (6) After the notice of lien has been duly recorded and indexed,
10 it shall be returned by the county recorder to the office of the
11 Controller. The recorder shall provide the county tax collector with
12 a copy of the notice of lien which has been recorded by the
13 Controller.

14 (7) From the time of recordation of a notice of lien for postponed
15 property taxes, a lien shall attach to the real property described
16 therein and shall have the priority of a ~~judgment lien~~ *county tax*
17 *lien, as described in Section 2192.1 of the Revenue and Taxation*
18 *Code*, for all amounts secured thereby, except that the lien shall
19 remain in effect until either of the following occurs:

20 (A) It is released by the Controller in the manner prescribed by
21 Section 16186.

22 (B) The foreclosure or sale of an obligation secured by a lien
23 which is senior in priority to the lien of the State of California.

24 ~~(e) In the case of mobilehomes:~~

25 ~~(1) The lien shall be evidenced by a notice of lien for postponed~~
26 ~~property taxes executed by the Controller, or the authorized~~
27 ~~delegate of the Controller, and shall secure all sums paid or owing~~
28 ~~pursuant to this chapter.~~

29 ~~(2) The notice of lien may bear the facsimile signature of the~~
30 ~~Controller. The signature shall be that of the person who is in the~~
31 ~~office at the time of execution of the notice of lien. However, the~~
32 ~~notice of lien is valid and binding notwithstanding the person~~
33 ~~having ceased to hold the office of Controller before the date of~~
34 ~~filing.~~

35 ~~(3) The form and contents of the notice of lien for postponed~~
36 ~~property taxes shall be prescribed by the Controller and shall~~
37 ~~include, but not be limited to, all of the following:~~

38 ~~(A) The name or names of the registered owner or owners, legal~~
39 ~~owner or owners, if different than the registered owner or owners~~
40 ~~and the names, if any, of all junior lienholders.~~

1 ~~(B) The identification number of the notice of lien which has~~
2 ~~been assigned the lien by the Controller.~~

3 ~~(4) The notice of lien shall be transmitted to the Department of~~
4 ~~Housing and Community Development at its office in Sacramento,~~
5 ~~California.~~

6 ~~(5) Upon receipt of the notice of lien for postponed property~~
7 ~~taxes from the Controller, the Department of Housing and~~
8 ~~Community Development shall amend the permanent title record~~
9 ~~of the mobilehome to reflect that the property taxes on the~~
10 ~~mobilehome are subject to postponement.~~

11 ~~(6) The Department of Housing and Community Development~~
12 ~~shall provide the Controller with an acknowledgment of receipt~~
13 ~~and amendment of the permanent title record.~~

14 ~~(7) From the time the Department of Housing and Community~~
15 ~~Development receives the notice of lien from the Controller, the~~
16 ~~department shall impose a moratorium on any other amendments~~
17 ~~to the permanent title record of the mobilehome for purposes of~~
18 ~~transferring any ownership interest or transferring or creating any~~
19 ~~security interest in the mobilehome, until released by the Controller~~
20 ~~in the manner prescribed by Section 16186 or an authorization for~~
21 ~~the amendments is given by the Controller in writing.~~

22 ~~(d) From the time of filing a notice of lien, a lien shall attach to~~
23 ~~the mobilehome for which eligibility for the postponement of~~
24 ~~property taxes has been granted.~~

25 ~~(e) Notwithstanding any other provision in this section, any~~
26 ~~action required of a local agency by this section in order to give~~
27 ~~effect to the Senior Citizens Mobilehome Property Tax~~
28 ~~Postponement Law (Chapter 3.3 (commencing with Section 20639)~~
29 ~~of Part 10.5 of Division 2 of the Revenue and Taxation Code), and~~
30 ~~that has been determined by the Commission on State Mandates~~
31 ~~to be a reimbursable mandate, shall be optional.~~

32 ~~SEC. 5:~~

33 ~~SEC. 6.~~ Section 16183 of the Government Code is amended
34 to read:

35 16183. (a) From the time a payment is made pursuant to
36 Section 16180, the amount of that payment shall bear interest at a
37 rate (not compounded), determined as follows:

38 (1) For the period ending June 30, 1984, the rate of interest shall
39 be 7 percent per annum.

40 (2) ~~The Controller shall establish for program participants a~~

(2) For the period commencing on July 1, 1984, and ending on December 31, 2010, the Controller shall establish an adjusted rate of interest for the purpose of this subdivision not later than July 15 of any year if the effective annual yield of the Pooled Money Investment Account for the prior fiscal year is at least a full percentage point more or less than the interest rate which is then in effect. The adjusted rate of interest shall be equal per annum to the effective annual yield earned in the prior fiscal year by the Pooled Money Investment Account rounded to the nearest full percent, and shall become effective for new deferrals, beginning on July 1, 1984, and on July 1 of each immediately succeeding year.

(3) The rate of interest provided pursuant to this subdivision for the first fiscal year commencing after payment is made pursuant to Section 16180 shall apply for that fiscal year and each fiscal year thereafter until these postponed property taxes are repaid.

(4) For the period commencing January 1, 2011, the Controller shall establish for program participants a rate of interest equal to 7 percent per annum, unless a higher rate is calculated at the interest rate based on the United States Treasury's 10-year bond note at the time the Controller approves a participant's application plus 4 percent, rounded to the nearest full percent. The adjusted rate of interest shall be calculated no later than July 15 of any year. The interest rate shall become effective for new deferrals, beginning on January 1, 2010, and on January 1 of each immediately succeeding year.

~~(3) For deferrals made prior to January 1, 2010, the rate of interest provided pursuant to this subdivision for the first year commencing after payment is made pursuant to Section 16180 shall apply for that fiscal year and each fiscal year thereafter until those postponed property taxes are repaid.~~

~~(4)~~

(5) For deferrals made on or after January 1, ~~2010~~ 2012, the rate of interest shall be adjusted annually, pursuant to paragraph ~~(2)~~ (4).

(b) The interest provided for in subdivision (a) shall be applied beginning the first day of the month following the month in which that payment is made and continuing on the first day of each month thereafter until that amount is paid. In the event that any payments are applied, in any month, to reduce the amount paid pursuant to

1 Section 16180, the interest provided for herein shall be applied to
2 the balance of that amount beginning on the first day of the
3 following month.

4 (c) In computing interest in accordance with this section,
5 fractions of a cent shall be disregarded.

6 (d) For the purpose of this section, the time a payment is made
7 shall be deemed to be the date the Controller issues the property
8 tax postponement payment to the county.

9 (e) The Controller shall include on forms supplied to claimants
10 pursuant to Sections 20621, 20630.5, 20639.9, 20640.9, and 20641
11 of the Revenue and Taxation Code, a statement of the interest rate
12 which shall apply to amounts postponed for the fiscal year to which
13 the form applies.

14 (f) The Controller shall assess an annual fee of seventy-five
15 dollars (\$75) to all claimants, as defined in Section 20505 of the
16 Revenue and Taxation Code, approved to participate in the property
17 tax postponement program and for whom property taxes are
18 deferred on or after January 1, 2010.

19 (g) Amounts collected pursuant to this section shall be deposited
20 into the Senior Citizens and Disabled Citizens Property Tax
21 Postponement Fund for expenditures in the manner provided in
22 Section 16180.

23 *SEC. 7. Section 16184 of the Government Code is amended to*
24 *read:*

25 16184. The Controller shall reduce the amount of the obligation
26 secured by the lien against the real property ~~or mobilehome~~ by the
27 amount of any payments received for that purpose and by
28 notification of any amounts paid by the Franchise Tax Board
29 pursuant to Section 20564 or by any amounts authorized pursuant
30 to subdivision (f) of Section 20621 of the Revenue and Taxation
31 Code. The Controller shall also increase the amount of the
32 obligation secured by such lien by the amount of any subsequent
33 payments made pursuant to Section 16180 with respect to the real
34 property and to reflect the accumulation of interest. All such
35 increases and decreases shall be entered in the record described in
36 Section 16181.

37 *SEC. 8. Section 16185 of the Government Code is amended to*
38 *read:*

39 16185. Notwithstanding the provisions of Section 16182,
40 provided the interests of the state are adequately protected, the

1 Controller may subordinate the lien for postponed real property
2 taxes where the Controller determines subordination is appropriate.

3 A recital in a certificate of subordination, executed by the
4 Controller, recorded in the county wherein the notice of lien for
5 postponed property taxes has been recorded, subordinating such
6 lien to specifically identified liens or encumbrances shall be
7 conclusive in favor of all persons or entities thereafter dealing with
8 the real property.

9 *A subordinated lien shall no longer maintain the same priority*
10 *as a county property tax lien, as described in Section 2192.1 of*
11 *the Revenue and Taxation Code, and shall not be included in a*
12 *tax-defaulted land sale price or distribution. The Controller's*
13 *subordinated lien shall have the same priority as a judgment lien*
14 *for the amount secured by that lien, except the lien shall remain*
15 *in effect until either of the following occurs:*

16 (a) *It is released by the Controller in the manner prescribed by*
17 *Section 16186.*

18 (b) *The foreclosure or sale of an obligation secured by a lien*
19 *which is senior in priority to the lien of the state.*

20 SEC. 9. *Section 16186 of the Government Code is amended to*
21 *read:*

22 16186. If at any time the amount of the obligation secured by
23 the lien for postponed property taxes is paid in full or otherwise
24 discharged, the Controller, or the authorized delegate of the
25 Controller, shall, *in the case of real property, do the following:*

26 ~~(a) In the case of real property:~~

27 ~~(1)~~

28 (a) Execute and cause to be recorded in the office of the county
29 recorder of the county wherein the real property described in the
30 lien is located, a release of the lien conclusively evidencing the
31 satisfaction of all amounts secured by the lien. The cost of
32 recording the release of the lien shall be added to and become part
33 of the obligation secured by the lien being released.

34 ~~(2)~~

35 (b) Direct the tax collector to remove from the secured roll, the
36 information required to be entered thereon by paragraph (1) of
37 subdivision (a) of Section 2514 of the Revenue and Taxation Code
38 with respect to the property described in the lien.

39 ~~(3)~~

1 (c) Direct the assessor to remove from the assessment records
2 applicable to the property described in the lien, the information
3 required to be entered on such records by Section 2515 of the
4 Revenue and Taxation Code.

5 (b) ~~In the case of a mobilehome:~~

6 ~~(1) Direct the tax collector to remove from the secured roll the~~
7 ~~information required to be entered thereon by paragraph (1) of~~
8 ~~subdivision (a) of Section 2514 of the Revenue and Taxation Code.~~

9 ~~(2) Transmit a Release of Lien to the owner of the mobilehome~~
10 ~~or the owner's heirs or assigns. The owner, or the owner's heirs~~
11 ~~or assigns, shall transmit the Release of Lien, and a fee of six~~
12 ~~dollars (\$6), to the Department of Housing and Community~~
13 ~~Development. Upon receipt of the Release of Lien and the fee, the~~
14 ~~department shall terminate the restriction on the permanent title~~
15 ~~record as provided by Section 16182.~~

16 *SEC. 10. Section 16190 of the Government Code is amended*
17 *to read:*

18 16190. All amounts owing pursuant to Article 1 (commencing
19 with Section 16180) of this chapter shall become due if any of the
20 following occurs:

21 (a) The claimant, who is either the sole owner or sole possessory
22 interest holder of the residential dwelling, as defined in Section
23 20583 or Section 20640 of the Revenue and Taxation Code, or a
24 coowner or copossessory interest holder with a person other than
25 a spouse or other individual eligible to postpone property taxes
26 pursuant to Chapter 2 (commencing with Section 20581), Chapter
27 ~~3.3 (commencing with Section 20639)~~, or Chapter 3.5
28 (commencing with Section 20640) of Part 10.5 of Division 2 of
29 such code, ceases to occupy the premises as his residential
30 dwelling, dies, or sells, conveys, or disposes of the property, or
31 allows any tax or special assessment on the premises described in
32 Section 20583 of such code to become delinquent. If the sole owner
33 or possessory interest holder claimant dies and his or her surviving
34 spouse inherits the premises and continues to own and occupy it
35 as his or her principal place of residence, then the lien amount does
36 not become due and payable unless taxes or special assessments
37 described in the preceding sentence become delinquent, or such
38 surviving spouse dies, or sells, conveys or disposes of the interest
39 in the property.

(b) The claimant, who is a coowner or copossessory interest holder of the residential dwelling, as defined in Section 20583 or Section 20640.2 of the Revenue and Taxation Code, with a spouse or another individual eligible to postpone property taxes pursuant to Chapter 2 (commencing with Section 20581), ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of such code, dies, and the surviving spouse or other surviving eligible individual allows any tax or special assessment on the premises described in Section 20583 of such code to become delinquent or such surviving spouse or other individual ceases to occupy the premises as a residential dwelling, dies, or conveys, or disposes of the interest in the property.

(c) The failure of the claimant to perform those acts the claimant is required to perform where such performance is secured, or will be secured in the event of nonperformance, by a lien which is senior to that of the lien provided by Section 16182.

(d) Postponement was erroneously allowed because eligibility requirements were not met.

SEC. 11. Section 16191 of the Government Code is amended to read:

16191. The amounts paid pursuant to Section 16180 shall continue to draw interest but amounts owing pursuant to Article 1 (commencing with Section 16180) of this chapter shall not become due and payable if any of the following occurs:

(a) The claimant continues to own and occupy or hold the possessory interest and occupy the premises as a residential dwelling, but ceases to postpone property taxes pursuant to Chapter 2 (commencing with Section 20581), ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of the Revenue and Taxation Code, and does not allow any tax or assessment against the premises, as described in Section 20583 of such code, to become delinquent.

(b) The surviving spouse of a claimant continues to own and occupy or hold the possessory interest and occupy the premises as a residential dwelling, but is ineligible to postpone property taxes pursuant to Chapter 2 (commencing with Section 20581); ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of

the Revenue and Taxation Code, or elects not to postpone such taxes, and does not allow any tax or assessment against the premises, as described in Section 20583 of such code, to become delinquent.

(c) The surviving individual otherwise eligible to postpone property taxes pursuant to Chapter 2 (commencing with Section 20581); ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of the Revenue and Taxation Code continues to own and occupy or hold the possessory interest and occupy the premises as a residential dwelling, but elects not to postpone the property taxes pursuant to such chapter, and does not allow any tax or assessment against the premises, as described in Section 20583 of such code, to become delinquent.

SEC. 12. Section 16192 of the Government Code is amended to read:

16192. If, at any time, a person meeting the requirements of subdivision (a) or (c) of Section 16191 elects, or any surviving spouse described in subdivision (b) of such section becomes eligible, or otherwise elects, to postpone property taxes pursuant to Chapter 2 (commencing with Section 20581); ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) of Part 10.5 of Division 2 of the Revenue and Taxation Code, payments made pursuant to Section 16180 shall be added to the amount of the lien existing against the residential dwelling.

~~SEC. 6.~~

SEC. 13. Section 16200 of the Government Code is amended to read:

16200. In the event that the Controller receives the notice described in Section 16187 of this code or Section 3375 of the Revenue and Taxation Code, the Controller may take any of the following actions which will best serve the interests of the state:

(a) Out of the amount appropriated by the Legislature or otherwise deposited into the Senior Citizens and Disabled Citizens Property Tax Postponement Fund, the Controller may pay the amount of any delinquent taxes, interest, or penalties on the property or the amount of any other obligation secured by a lien or encumbrance on the property and add such amount to the amount

1 secured by the lien on such property provided for in Article 1
2 (commencing with Section 16180) of this chapter.

3 (b) Notify by United States mail the tax collector or other party
4 that such notice has been received and that the Controller must be
5 given at least 20 days prior notice of the date that the property will
6 be sold at auction. If the Controller elects to proceed under this
7 subdivision, the Controller may use moneys in the Senior Citizens
8 and Disabled Citizens Property Tax Postponement Fund, or from
9 any appropriation in lieu thereof, to bid on the property at the
10 auction up to the amount secured by the state's lien on the property
11 and any lien on such property having priority over the state's lien.
12 All additional amounts paid pursuant to this subdivision shall be
13 added to the amount secured by the lien on such property provided
14 for in Article 1 (commencing with Section 16180) of this chapter.

15 (c) Acknowledge by United States mail that the notice required
16 by Section 16187 of this code or Section 3375 of the Revenue and
17 Taxation Code has been received.

18 ~~SEC. 7.~~

19 *SEC. 14.* Section 16202 of the Government Code is amended
20 to read:

21 16202. (a) Notwithstanding any other provision of law, in the
22 event that the state acquires an interest in real property pursuant
23 to subdivision (b) of Section 16200, the Controller may, in addition
24 to the options provided in Section 16201, take any other action
25 with respect to that real property interest as will best serve the
26 interest of the state. These actions may include, but shall not be
27 limited to, the sale, lease, or retention of any interest so acquired.
28 The Controller may contract with licensed real estate brokers,
29 maintenance and repair contractors, security contractors, appraisers,
30 property managers, insurance brokers, and any other experts or
31 specialists as may be necessary to protect or preserve the state's
32 interest in that property. The Controller may pay the costs incurred
33 pursuant to those contracts from moneys in the Senior Citizens
34 and Disabled Citizens Property Tax Postponement Fund, or from
35 any appropriation in lieu thereof.

36 (b) The sale of those interests may be made on the basis of
37 conventional financing arrangements including the securing of
38 payment through the use of promissory notes, deeds of trust, and
39 other accepted methods of deferred payment.

1 ~~SEC. 8.~~

2 ~~SEC. 15.~~ Section 16211 of the Government Code is amended
3 to read:

4 16211. The claimant under Chapter 2 (commencing with
5 Section 20581), ~~Chapter 3.3 (commencing with Section 20639),~~
6 ~~or Chapter or Chapter 3.5 (commencing with Section 20640)~~ of
7 Part 10.5 of Division 2 of the Revenue and Taxation Code whose
8 residential dwelling was sold or condemned may draw upon the
9 amount in the account to purchase a new residential dwelling, and
10 the amount so drawn shall be secured by a new lien against the
11 new residential dwelling from the time the Controller records the
12 new lien against the new residential dwelling as provided for under
13 Section 16182. *In the case of real property, the new lien shall have*
14 *the same priority as a county tax lien, as described in Section*
15 *2192.1 of the Revenue and Taxation Code.*

16 ~~In the case of real property, the Controller shall subordinate the~~
17 ~~new lien to the lien of the note and deed of trust of the purchase~~
18 ~~money obligations used in the acquisition of the new residential~~
19 ~~dwelling, provided the claimant has an equity of at least 20 percent~~
20 ~~of the full value of the property, as required by paragraph (1) of~~
21 ~~subdivision (b) of Section 20583 of the Revenue and Taxation~~
22 ~~Code, prior to recordation of that subordination. The lien shall~~
23 ~~have priority over all subsequent liens, except as provided in~~
24 ~~Section 2192.1 of the Revenue and Taxation Code.~~

25 ~~SEC. 9.~~

26 ~~SEC. 16.~~ Section 16211.5 of the Government Code is amended
27 to read:

28 16211.5. (a) In the event that the real property securing the
29 state's lien provided for in Article 1 (commencing with Section
30 16180) is the residential dwelling of a claimant under Chapter 2
31 (commencing with Section 20581) of Part 10.5 of Division 2 of
32 the Revenue and Taxation Code and is voluntarily sold, the funds
33 derived from the voluntary sale of the residential dwelling shall
34 be placed in an impound account for a period of six months. In
35 connection with the establishment of such account, the Controller
36 shall release the state's lien in the manner prescribed by Section
37 16186.

38 (b) The claimant under Chapter 2 (commencing with Section
39 20581) of Part 10.5 of Division 2 of the Revenue and Taxation
40 Code whose residential dwelling was voluntarily sold may draw

1 upon the amount in the account to purchase a new residential
2 dwelling, and the amount so drawn shall be secured by a new lien
3 against the new residential dwelling from the time the Controller
4 records the new lien against the new residential dwelling as
5 provided for under Section 16182. *The new lien shall have the*
6 *same priority as a county tax lien, as described in Section 2192.1*
7 *of the Revenue and Taxation Code.*

8 ~~The Controller shall subordinate such new lien to the note and~~
9 ~~deed of trust of the purchase money obligations used in the~~
10 ~~acquisition of the new residential dwelling, provided the claimant~~
11 ~~has an equity of at least 20 percent of the full value of the property,~~
12 ~~as required by paragraph (1) of subdivision (b) of Section 20583~~
13 ~~of the Revenue and Taxation Code, prior to recordation of such~~
14 ~~subordination. Such lien shall have priority over all subsequent~~
15 ~~liens.~~

16 ~~SEC. 10.~~

17 ~~SEC. 17.~~ Section 16213 of the Government Code is repealed.

18 ~~SEC. 11.~~

19 ~~SEC. 18.~~ Section 16213 is added to the Government Code, to
20 read:

21 16213. (a) For all property tax postponement loans made ~~after~~
22 ~~January 1, 2010~~ *on or after February 20, 2009*, payments for
23 amounts owed pursuant to Article 1 (commencing with Section
24 16180) shall be deposited into the Senior Citizens and Disabled
25 Citizens Property Tax Postponement Fund.

26 (b) For all property tax postponement loans made before
27 ~~December 31, 2009~~ *February 20, 2009*, payments for amounts
28 owed pursuant to Article 1 (commencing with Section 16180) shall
29 be placed into an impound account, as specified in either Section
30 16210 or 16211.5, and shall be transferred to the General Fund at
31 the end of the applicable six-month period.

32 ~~SEC. 12.~~

33 ~~SEC. 19.~~ Section 53684 of the Government Code is amended
34 to read:

35 53684. (a) Unless otherwise provided by law, if the treasurer
36 of any local agency, or other official responsible for the funds of
37 the local agency, determines that the local agency has excess funds
38 which are not required for immediate use, the treasurer or other
39 official may, upon the adoption of a resolution by the legislative
40 or governing body of the local agency authorizing the investment

1 of funds pursuant to this section and with the consent of the county
2 treasurer, deposit the excess funds in the county treasury for the
3 purpose of investment by the county treasurer pursuant to Section
4 16180, 53601, or 53635.

5 (b) The county treasurer shall, at least quarterly, apportion any
6 interest or other increment derived from the investment of funds
7 pursuant to this section in an amount proportionate to the average
8 daily balance of the amounts deposited by the local agency and to
9 the total average daily balance of deposits in the investment pool.
10 In apportioning and distributing that interest or increment, the
11 county treasurer may use the cash method, the accrual method, or
12 any other method in accordance with generally accepted accounting
13 principles.

14 Prior to distributing that interest or increment, the county
15 treasurer may deduct the actual costs incurred by the county in
16 administering this section in proportion to the average daily balance
17 of the amounts deposited by the local agency and to the total
18 average daily balance of deposits in the investment pool.

19 (c) The county treasurer shall disclose to each local agency that
20 invests funds pursuant to this section the method of accounting
21 used, whether cash, accrual, or other, and shall notify each local
22 agency of any proposed changes in the accounting method at least
23 30 days prior to the date on which the proposed changes take effect.

24 (d) The treasurer or other official responsible for the funds of
25 the local agency may withdraw the funds of the local agency
26 pursuant to the procedure specified in Section 27136.

27 (e) Any moneys deposited in the county treasury for investment
28 pursuant to this section are not subject to impoundment or seizure
29 by any county official or agency while the funds are so deposited.

30 (f) This section is not operative in any county until the board
31 of supervisors of the county, by majority vote, adopts a resolution
32 making this section operative in the county.

33 (g) It is the intent of the Legislature in enacting this section to
34 provide an alternative procedure to Section 51301 for local agencies
35 to deposit money in the county treasury for investment purposes.
36 Nothing in this section shall, therefore, be construed as a limitation
37 on the authority of a county and a city to contract for the county
38 treasurer to perform treasury functions for a city pursuant to Section
39 51301.

1 ~~SEC. 13.~~

2 *SEC. 20.* Section 2505 of the Revenue and Taxation Code is
3 amended to read:

4 2505. (a) Except as provided in subdivision (b), the tax
5 collector or treasurer for any city or county may in his or her
6 discretion accept negotiable paper in payment of any tax, or
7 assessment, or on a redemption.

8 (b) The tax collector of a county shall accept a property tax
9 postponement payment from the Controller issued pursuant to
10 Section 20602 to pay all or any part of any ad valorem property
11 tax, special assessment, or other charge or user fee appearing on
12 the county tax bill. The tax collector, treasurer, or other official
13 charged with the duty of collecting taxes for a chartered city which
14 levies and collects its own property taxes shall accept a property
15 tax postponement payment from the Controller issued pursuant to
16 Section 20602 to pay all or any part of any ad valorem property
17 tax, special assessment, or other charge or user fee appearing on
18 the tax bill of such city. A certificate for partial payment shall not
19 be accepted unless accompanied by an amount sufficient to fully
20 pay the remaining ad valorem property taxes, special assessment,
21 or other charge or fee appearing on the respective tax bill
22 installment.

23 (c) Except as provided in Chapter 2 (commencing with Section
24 20581), Chapter 3.3 (commencing with Section 20639), Chapter
25 3.5 (commencing with Section 20640), or Chapter 4 (commencing
26 with Section 20641) of Part 10.5 of Division 2, a certificate of
27 eligibility shall not be used to pay any delinquent taxes,
28 assessments, penalties, costs, fees, or interest, or any redemption
29 charges.

30 (d) For the 1978–79 fiscal year and thereafter, except as to those
31 amounts which can be paid by a certificate pursuant to subdivision
32 (c), the tax collector shall not accept a certificate of eligibility to
33 pay all or part of any installment if tendered after the delinquency
34 date thereof, unless accompanied by an amount sufficient to fully
35 pay any delinquent taxes, assessments, costs, penalties, interest,
36 fees or other charges resulting from the delinquency or
37 delinquencies.

38 (e) In no event shall a certificate of eligibility be accepted later
39 than the expiration date designated thereon.

1 ~~SEC. 14.~~

2 ~~SEC. 21.~~ Section 2514 of the Revenue and Taxation Code is
3 repealed.

4 ~~SEC. 15.~~

5 ~~SEC. 22.~~ Section 2514 is added to the Revenue and Taxation
6 Code, to read:

7 2514. (a) Upon receipt of a property tax postponement payment
8 from the Controller issued pursuant to Section 20602, the tax
9 collector shall ascertain whether the amount of the property tax
10 postponement from the Controller, when added to other amounts
11 available for such purpose, is sufficient to pay the amount due and
12 owing.

13 If such is the case, the tax collector or his or her designee shall
14 process the property tax postponement payment from the Controller
15 and mark the tax paid. Upon acceptance of the property tax
16 postponement payment from the Controller:

17 (1) The tax collector shall enter the fact that taxes on the
18 property have been postponed in appropriate columns on the roll.
19 In the case of the secured roll, this information may be entered in
20 that portion of the roll that has been designated for tax default
21 information required by Section 3439.

22 ~~(2) In the case of a property tax postponement payment issued~~
23 ~~pursuant to Section 20602, the tax collector shall determine if the~~
24 ~~property is subject to a property tax postponement lien recorded~~
25 ~~pursuant to Section 16182 of the Government Code. If the property~~
26 ~~is not subject to such a lien, the tax collector shall enter the address~~
27 ~~of the property, the name of the claimant, the county code, and the~~
28 ~~assessor's parcel number on a "notice of lien for postponed~~
29 ~~property taxes" form which shall be provided by the Controller.~~
30 ~~The tax collector shall thereafter forward the notice of lien form~~
31 ~~to the assessor.~~

32 ~~(3)~~

33 (2) With respect to a claimant whose property taxes are paid by
34 a lender from an impound, trust, or other type of account described
35 in Section 2954 of the Civil Code, the tax collector shall notify
36 the auditor of the claimant's name and address and the amount of
37 the property tax postponement payment.

38 The auditor, treasurer, or disbursing officer shall send a check
39 in the amount of the property tax postponement payment to the
40 claimant within 30 days following the date on which the installment

1 is paid by the lender or the property tax postponement payment is
2 received from the Controller, whichever is later. *claimant in*
3 *accordance with Chapter 2.3 (commencing with Section 2780).*

4 (b) The procedures established by this chapter shall not be
5 construed to require a lender to alter the manner in which a lender
6 makes payment of the property taxes of such claimant.

7 ~~(c) Notwithstanding any other provision in this section, any~~
8 ~~action required of a local agency by this section in order to give~~
9 ~~effect to the Senior Citizens Mobilehome Property Tax~~
10 ~~Postponement Law (Chapter 3.3 (commencing with Section 20639)~~
11 ~~of Part 10.5 of Division 2), and that has been determined by the~~
12 ~~Commission on State Mandates to be a reimbursable mandate,~~
13 ~~shall be optional.~~

14 ~~SEC. 16.~~

15 *SEC. 23.* Section 2515 of the Revenue and Taxation Code is
16 amended to read:

17 2515. (a) Upon receipt of a “notice of lien for postponed
18 property taxes” from the tax collector, the assessor shall
19 immediately:

20 (1) Enter, on the notice of lien, a description of the real property
21 for which the taxes have been paid by the Controller pursuant to
22 Section 2514. Such description shall be a “metes and bounds,”
23 “lot-block-tract,” or any other description as is determined by the
24 Controller to sufficiently describe the real property for the purpose
25 of securing the state’s lien.

26 (2) Enter on the notice of lien, the names of all record owners
27 of the property described under subdivision (a), as disclosed by
28 the assessor’s records.

29 (3) Upon entry of the information required by subdivisions (a)
30 and (b) on the notice of lien, the assessor shall immediately forward
31 the notice of lien to the county recorder.

32 (4) Enter on the assessment records applicable to the property,
33 the fact that the taxes on the property have been postponed and
34 the Controller’s identification number, and shall, when the record
35 reveals a change in the ownership status of the property subsequent
36 to the date of entry of the postponement information thereon, notify
37 the Controller of the change in the ownership status in the manner
38 prescribed by the Controller.

39 (b) From the time of recordation of the notice of lien pursuant
40 to Section 16182 of the Government Code, the lien for postponed

1 property taxes shall be deemed to impart constructive notice of
2 the contents thereof to subsequent purchasers, mortgagees, lessees,
3 and other lienors.

4 *SEC. 24. Section 3698.5 of the Revenue and Taxation Code is*
5 *amended to read:*

6 3698.5. (a) Except as provided in Section 3698.7, the minimum
7 price at which property may be offered for sale pursuant to this
8 chapter shall be an amount not less than the total amount necessary
9 to redeem, plus costs, *on the redemption roll, and the total amount*
10 *necessary to redeem, if any, the Controller's notice of lien for*
11 *postponed property taxes.* For purposes of this subdivision:

12 (1) The "total amount necessary to redeem" is the sum of the
13 following:

14 (A) The amount of defaulted taxes.

15 (B) Delinquent penalties and costs.

16 (C) Redemption penalties.

17 (D) A redemption fee.

18 (2) "Costs" are those amounts described in subdivision (c) of
19 Section 3704.7, subdivisions (a) and (b) of Section 4112, Sections
20 4672, 4672.1, 4672.2, 4673, and subdivision (b) of Section 4673.1.

21 (3) *The "Controller's notice of lien for postponed property*
22 *taxes" is the amount of all sums paid or owing pursuant to Section*
23 *16182 of the Government Code, including amounts paid subsequent*
24 *to the initial payment of postponed property taxes on the real*
25 *property described in the notice of lien for postponed property*
26 *taxes.*

27 (b) This section shall not apply to property or interests that
28 qualify for sale in accordance with the provisions of subdivisions
29 (b) and (c) of Section 3692.

30 (c) Where property or property interests have been offered for
31 sale at least once and no acceptable bids therefor have been
32 received at the minimum price determined pursuant to subdivision
33 (a), the tax collector may, in his or her discretion and with the
34 approval of the board of supervisors, offer that same property or
35 those interests at the same or next scheduled sale at a minimum
36 price that the tax collector deems appropriate in light of the most
37 current assessed valuation of that property or those interests, or
38 any unique circumstance with respect to that property or those
39 interests.

1 *SEC. 25. Section 3698.7 of the Revenue and Taxation Code is*
2 *amended to read:*

3 3698.7. (a) With respect to property for which a property tax
4 welfare exemption has been granted and that has become tax
5 defaulted, the minimum price at which the property may be offered
6 for sale pursuant to this chapter shall be the higher of the following:

7 (1) Fifty percent of the fair market value of the property. For
8 the purposes of this paragraph, “fair market value” means the
9 amount as defined in Section 110 as determined pursuant to an
10 appraisal of the property by the county assessor within one year
11 immediately preceding the date of the public auction. From the
12 proceeds of the sale, there shall be distributed to the county general
13 fund an amount to reimburse the county for the cost of appraising
14 the property. The value of the property as determined by the
15 assessor pursuant to an appraisal shall be conclusively presumed
16 to be the fair market value of the property for the purpose of
17 determining the minimum price at which the property may be
18 offered for sale.

19 (2) The total amount necessary to redeem, plus costs. For
20 purposes of this paragraph:

21 (A) The “total amount necessary to redeem” is the sum of the
22 following:

- 23 (i) The amount of defaulted taxes.
- 24 (ii) Delinquent penalties and costs.
- 25 (iii) Redemption penalties.
- 26 (iv) A redemption fee.

27 (B) “Costs” are those amounts described in subdivision (c) of
28 Section 3704.7, subdivisions (a) and (b) of Section 4112, Sections
29 4672, 4672.1, 4672.2, and 4673, and subdivision (b) of Section
30 4673.1.

31 (C) *The “Controller’s notice of lien for postponed property*
32 *taxes” is the amount of all sums paid or owing pursuant to Section*
33 *16182 of the Government Code, including amounts paid subsequent*
34 *to the initial payment of postponed property taxes on the real*
35 *property described in the notice of lien for postponed property*
36 *taxes.*

37 (b) This section shall not apply to property or interests that
38 qualify for sale in accordance with the provisions of subdivisions
39 (b) and (c) of Section 3692.

1 (c) Where property or property interests have been offered for
2 sale at least once and no acceptable bids therefor have been
3 received, the tax collector may, in his or her discretion and with
4 the approval of the board of supervisors, offer that property or
5 those interests at the next scheduled sale at a minimum price that
6 the tax collector deems appropriate.

7 *SEC. 26. Section 3793.1 of the Revenue and Taxation Code is*
8 *amended to read:*

9 3793.1. (a) The sales price of any property sold under this
10 article shall include, at a minimum, the amounts of all of the
11 following:

12 (1) All defaulted taxes and assessments, and all associated
13 penalties and costs *on the redemption roll*.

14 (2) Redemption penalties and fees incurred through the month
15 of the sale.

16 (3) All costs of the sale.

17 (4) *An amount necessary to redeem the Controller's notice of*
18 *lien for postponed property taxes, current as of the month of the*
19 *sale.*

20 (b) If the property or property interests have been offered for
21 sale under the provisions of Chapter 7 (commencing with Section
22 3691) at least once and no acceptable bids therefor have been
23 received, the tax collector may, in his or her discretion and with
24 the approval of the board of supervisors, offer that property or
25 those interests at a minimum price that the tax collector deems
26 appropriate.

27 (c) The board of supervisors may permit a nonprofit organization
28 to purchase property or property interests by way of installment
29 payments.

30 *SEC. 27. Section 4671 of the Revenue and Taxation Code is*
31 *amended to read:*

32 4671. As used in this chapter, "taxes" includes all liens
33 determined by the application of an ad valorem tax rate which
34 were, at the time of declaration of default, included in the amount
35 necessary to redeem the property *on the redemption roll* under
36 Chapter 1 (commencing with Section 4101) of Part 7.

37 *SEC. 28. Section 4671.3 of the Revenue and Taxation Code is*
38 *amended to read:*

39 4671.3. As used in this chapter, "assessments" includes all
40 liens other than taxes which were, at the time of declaration of

1 default, included in the amount necessary to redeem the property
2 *on the redemption roll* under Chapter 1 (commencing with Section
3 4101) of Part 7, and included in the amount necessary to redeem
4 the property from sale to any taxing agency entitled to share in the
5 proceeds.

6 *SEC. 29. Section 4672.3 of the Revenue and Taxation Code is*
7 *amended to read:*

8 4672.3. (a) To reimburse the county for the costs of a personal
9 contact, there shall be distributed to the tax collector a sum equal
10 to the total amount of costs of the tax collector, but not to exceed
11 one hundred dollars (\$100), incurred in conducting the personal
12 contact pursuant to Section 3704.7, for all or any portion of each
13 separately valued parcel of real property subject to a power of sale
14 and sold to private parties or a taxing agency.

15 (b) The amount of the costs shall be paid from the total amount
16 to be distributed from the sold property, after satisfaction of the
17 amount specified in ~~Section 4672~~ Sections 4672, 4672.1, and
18 4672.2. If, after satisfaction of the amount specified in ~~Section~~
19 ~~4672~~ those sections, there is insufficient funds to pay the costs
20 specified in subdivision (a), the costs shall be reduced accordingly.

21 *SEC. 30. Section 4673 of the Revenue and Taxation Code is*
22 *amended to read:*

23 4673. (a) Amounts to reimburse the county for the cost of
24 advertising sales of tax-defaulted property shall be distributed to
25 the county general fund as provided in Section 3719.

26 (b) *The amount of the cost of advertising the sales shall be paid*
27 *from the total amount to be distributed from the sold property,*
28 *after satisfaction of the amount specified in Sections 4672, 4672.1,*
29 *4672.2, and 4672.3. If, after satisfaction of the amount specified*
30 *in those sections, there are insufficient funds to pay the costs*
31 *specified in subdivision (a), the costs shall be reduced accordingly.*

32 *SEC. 31. Section 4673.1 of the Revenue and Taxation Code is*
33 *amended to read:*

34 4673.1. After satisfaction of the amount specified in Sections
35 4672, 4672.1, 4672.2, 4672.3, and 4673, the proceeds shall be
36 distributed as follows:

37 (a) An amount of the proceeds up to but no greater than the
38 amount required, at the time of sale, to redeem the property from
39 tax default *on the redemption roll* and the sale to any taxing agency
40 entitled to share in the proceeds shall be distributed as follows:

1 (1) A pro rata share shall be distributed to each assessment fund
2 in an amount bearing the same proportion as the assessment due
3 each fund bears to the total amount of taxes and assessments
4 necessary to redeem the property at the time of sale.

5 (2) The remaining balance of the proceeds to be distributed
6 under this section shall be distributed to each tax fund in an amount
7 bearing the same proportion to the balance remaining as the tax
8 rate for each fund bears to the total tax rate applicable to the
9 property for the fiscal year preceding that in which the property
10 was sold.

11 (b) After satisfaction of the amounts specified in subdivision
12 (a), an amount of the proceeds necessary to satisfy current taxes
13 and assessments and applicable penalties and costs thereon for the
14 fiscal year in which the tax sale is held shall be distributed as
15 provided in Chapter 1a (commencing with Section 4653) of this
16 part. Current taxes and assessments referred to herein include taxes
17 and assessments which would have been levied on the property if
18 the property were not tax-deeded to any taxing agency and remains
19 subject to sale by, or redemption from, the taxing agency.

20 (c) *After satisfaction of the amounts specified in subdivisions*
21 *(a) and (b), an amount required, at the time of the sale, to redeem*
22 *the Controller's notice of lien for postponed property taxes.*

23 *SEC. 32. Section 4674 of the Revenue and Taxation Code is*
24 *amended to read:*

25 4674. Any excess in the proceeds deposited in the delinquent
26 tax sale trust fund remaining after satisfaction of the amounts
27 distributed under Sections 4672, 4672.1, 4672.2, 4672.3, 4673,
28 and 4673.1 shall be retained in the fund on account of, and may
29 be claimed by parties of interest in the property as provided in,
30 Section 4675. At the expiration of one year following the
31 recordation of the tax deed to the purchaser, any excess proceeds
32 not claimed under Section 4675 shall be distributed as provided
33 in paragraph (2) of subdivision (a) of Section 4673.1, except prior
34 to the distribution, the county may deduct those costs of
35 maintaining the redemption and tax-defaulted property files, and
36 those costs of administering and processing the claims for excess
37 proceeds, that have not been recovered under any other provision
38 of law.

39 *SEC. 33. Section 4703 of the Revenue and Taxation Code is*
40 *amended to read:*

1 4703. In each county that elects to adopt the procedure
2 authorized by this chapter there is hereby created a tax losses
3 reserve fund.

4 (a) The tax losses reserve fund shall be used exclusively, as
5 hereinafter provided, to cover losses that may occur in the amount
6 of tax liens *on the redemption roll* as a result of special sales of
7 tax-defaulted property. Whenever in any year the amount of the
8 tax losses reserve fund has reached an amount equivalent to 1
9 percent of the total of all taxes and assessments levied on the
10 secured roll for that year for participating entities in the county,
11 the amounts hereinafter authorized to be credited to that fund may,
12 for the remainder of that year, be credited to the county general
13 fund.

14 (b) The auditor and treasurer shall keep apportioned tax
15 resources accounts in a manner that the balance of amounts
16 apportioned to funds on an accrual basis shall be known by both
17 officers. In addition, the auditor shall keep secured taxes receivable
18 accounts in a manner as to establish accountability for the amounts
19 receivable on the secured tax rolls. Secured tax rolls, as used in
20 this chapter, include delinquent rolls prescribed by Section 2627.

21 *SEC. 34. Section 4703.2 of the Revenue and Taxation Code is*
22 *amended to read:*

23 4703.2. (a) In any county electing to follow the procedure
24 authorized by this chapter, the board of supervisors may, by
25 October 31 of any fiscal year, on the recommendation of the county
26 auditor, adopt a resolution electing to be governed by this section
27 rather than the provisions of Section 4703. Upon adoption, a copy
28 of this resolution shall be filed with the county auditor, the county
29 treasurer, and the county tax collector. Except as otherwise
30 provided in this subdivision, this election shall remain in effect
31 each fiscal year unless the board of supervisors adopts another
32 resolution by October 31 of a fiscal year electing to be governed
33 instead by Section 4703. For the 1993–94 fiscal year only, the
34 election to be governed by this section rather than Section 4703
35 may be made no later than January 15, 1994. For the 1994–95
36 fiscal year only, an election to be governed by this section rather
37 than Section 4703 may be rescinded, upon the recommendation
38 of the county auditor, by a resolution electing governance under
39 Section 4703 that is adopted by the board of supervisors on any
40 date during that fiscal year.

1 (b) In each county that elects to adopt the procedure authorized
2 by this chapter and elects to be governed by this section rather
3 than Section 4703 there shall be created a tax losses reserve fund.

4 (c) The tax losses reserve fund shall be used exclusively, as
5 hereinafter provided, to cover losses that may occur in the amount
6 of tax liens *on the redemption roll* as a result of special sales of
7 tax-defaulted property. In a county electing to be subject to this
8 section rather than Section 4703, the tax losses reserve fund shall
9 be maintained at not less than 25 percent of the total delinquent
10 secured taxes and assessments for participating entities in the
11 county as calculated at the end of the fiscal year. At the end of the
12 fiscal year, amounts in the tax losses reserve fund that are in excess
13 of 25 percent of the total delinquent secured taxes and assessments
14 for participating entities in the county may be credited to the county
15 general fund.

16 (d) The auditor and treasurer shall keep apportioned tax
17 resources accounts in such a manner that the balance of amounts
18 apportioned to funds on an accrual basis shall be known by both
19 officers. In addition, the auditor shall keep secured taxes receivable
20 accounts in such a manner as to establish accountability for the
21 amounts receivable on the secured tax rolls. Secured tax rolls as
22 used in this chapter include delinquent rolls prescribed by Section
23 2627.

24 ~~SEC. 17.~~

25 *SEC. 35.* Section 20503 of the Revenue and Taxation Code is
26 amended to read:

27 20503. (a) “Income” means adjusted gross income as defined
28 in Section 17072 plus all of the following cash items:

- 29 (1) Public assistance and relief.
- 30 (2) Nontaxable amount of pensions and annuities.
- 31 (3) Social security benefits (except Medicare).
- 32 (4) Railroad retirement benefits.
- 33 (5) Unemployment insurance payments.
- 34 (6) Veterans’ benefits.
- 35 (7) Exempt interest received from any source.
- 36 (8) Gifts and inheritances in excess of three hundred dollars
37 (\$300), other than transfers between members of the household.
38 Gifts and inheritances include noncash items.
- 39 (9) Amounts contributed on behalf of the contributor to a
40 tax-sheltered retirement plan or deferred compensation plan.

1 (10) Temporary workers' compensation payments.

2 (11) Sick leave payments.

3 (12) Nontaxable military compensation as defined in Section
4 112 of the Internal Revenue Code.

5 (13) Nontaxable scholarship and fellowship grants as defined
6 in Section 117 of the Internal Revenue Code.

7 (14) Nontaxable gain from the sale of a residence as defined in
8 Section 121 of the Internal Revenue Code.

9 (15) Life insurance proceeds to the extent that the proceeds
10 exceed the expenses incurred for the last illness and funeral of the
11 deceased spouse of the claimant. "Expenses incurred for the last
12 illness" includes unreimbursed expenses paid or incurred during
13 the income calendar year and any expenses paid or incurred
14 thereafter up until the date the claim is filed. For purposes of this
15 paragraph, funeral expenses shall not exceed five thousand dollars
16 (\$5,000).

17 (16) If an alternative minimum tax is required to be paid
18 pursuant to Chapter 2.1 (commencing with Section 17062) of Part
19 10, the amount of alternative minimum taxable income (whether
20 or not cash) in excess of the regular taxable income.

21 (17) Annual winnings from the California Lottery in excess of
22 six hundred dollars (\$600) for the current year.

23 (b) For purposes of this chapter, total income shall be determined
24 for the calendar year (or approved fiscal year ending within that
25 calendar year) which ends within the fiscal year for which
26 assistance is claimed.

27 ~~SEC. 18.~~

28 *SEC. 36.* Section 20505 of the Revenue and Taxation Code is
29 amended to read:

30 20505. For purposes of this chapter, "claimant" means an
31 individual who was either (1) 62 years of age or older on the last
32 day of the calendar year or approved fiscal year designated in
33 subdivision (b) of Section 20503, or (2) blind or disabled, as
34 defined in Section 12050 of the Welfare and Institutions Code on
35 the last day of the calendar year or approved fiscal year designated
36 in subdivision (b) of Section 20503, who was a member of the
37 household, and who was either: (1) the owner and occupier of a
38 residential dwelling on the last day of the year designated in
39 subdivision (b) of Section 20503, or (2) the renter of a rented
40 residence on or before the last day of the year designated in

1 subdivision (b) of Section 20503. An individual who qualifies as
2 an owner-claimant may not qualify as a renter-claimant for the
3 same year.

4 *SEC. 37. Section 20542 of the Revenue and Taxation Code is*
5 *amended to read:*

6 20542. (a) The Franchise Tax Board, pursuant to the provisions
7 of Article 3 (commencing with Section 20561), of this chapter,
8 shall provide assistance to the claimant based on a percentage of
9 the property tax accrued and paid by the claimant on the residential
10 dwelling as provided in Section 20543 or the statutory property
11 tax equivalent pursuant to Section 20544. In case of an
12 owner-claimant, the assistance shall be equal to the applicable
13 percentage of property taxes paid on the full value of the residential
14 dwelling up to, and including, thirty-four thousand dollars
15 (\$34,000). No assistance shall be allowed for property taxes paid
16 on that portion of full value of a residential dwelling exceeding
17 thirty-four thousand dollars (\$34,000). No assistance shall be
18 provided if the amount of the assistance claim is five dollars (\$5)
19 or less.

20 (b) For purposes of allowing assistance provided for by this
21 section:

22 (1) (A) Only one owner-claimant from one household each
23 year shall be entitled to assistance under this chapter. When two
24 or more individuals of a household are able to meet the
25 qualifications for an owner-claimant, they may determine who the
26 owner-claimant shall be. If they are unable to agree, the matter
27 shall be referred to the Franchise Tax Board and its decision shall
28 be final.

29 (B) When two or more individuals pay rent for the same
30 premises and each individual meets the qualifications for a
31 renter-claimant, each qualified individual shall be entitled to
32 assistance under this part.

33 For the purposes of this subparagraph, a husband and wife
34 residing in the same premises shall be presumed to be one renter.

35 (2) Except as provided in paragraph (3), the right to file a claim
36 shall be personal to the claimant and shall not survive his death;
37 however, when a claimant dies after having filed a timely claim,
38 the amount thereof may be disbursed to the surviving spouse and,
39 if no surviving spouse, to any other member of the household who
40 is a qualified claimant. If there is no surviving spouse or otherwise

1 qualified claimant, the claim shall be disbursed to any other
2 member of the household. In the event two or more individuals
3 qualify for payment as either an otherwise qualified claimant or a
4 member of the household, they may determine which of them will
5 be paid. If they are unable to agree, the matter shall be referred to
6 the Franchise Tax Board and its decision shall be final.

7 (3) If, after January 1 of the property tax fiscal year for which
8 a claim may be filed, a claimant dies without filing a timely claim,
9 a claim on behalf of such claimant may be filed by the surviving
10 spouse within the filing period prescribed in subdivision (a) or (b)
11 of Section 20563.

12 (4) If an individual postponed taxes for any given property tax
13 fiscal year under Chapter 2 (commencing with Section 20581);
14 ~~Chapter 3 (commencing with Section 20625), Chapter 3.3~~
15 ~~(commencing with Section 20639), or Chapter 3.5 (commencing~~
16 ~~with Section 20640), then any claim for assistance under this~~
17 ~~chapter for the same property tax fiscal year shall be filed by such~~
18 ~~individual (assuming all other eligibility requirements in this~~
19 ~~chapter are satisfied) and not an otherwise qualified member of~~
20 ~~the individual's household.~~

21 ~~SEC. 19.~~

22 ~~SEC. 38.~~ Section 20582 of the Revenue and Taxation Code is
23 amended to read:

24 20582. Unless the context otherwise requires, the definitions
25 given in this chapter shall govern the construction of Chapter 2
26 (commencing with Section 20581), ~~Chapter 3.3 (commencing with~~
27 ~~Section 20639), Chapter 3.5 (commencing with Section 20640),~~
28 and Chapter 4 (commencing with Section 20641).

29 ~~SEC. 20.~~

30 ~~SEC. 39.~~ Section 20583 of the Revenue and Taxation Code is
31 amended to read:

32 20583. (a) "Residential dwelling" means a dwelling occupied
33 as the principal place of residence of the claimant, and so much
34 of the land surrounding it as is reasonably necessary for use of the
35 dwelling as a home, owned by (1) the claimant, (2) the claimant
36 and the claimant's spouse, (3) the claimant and parents, children
37 (natural or adopted), or grandchildren of either the claimant or the
38 claimant's spouse, (4) the claimant and the spouse of any parent,
39 child (natural or adopted), or grandchild of either the claimant or
40 the claimant's spouse, or (5) the claimant and another individual

1 eligible for postponement under this chapter and located in this
2 state. It shall include condominiums and mobilehomes that are
3 assessed as realty for local property tax purposes. It also includes
4 part of a multidwelling or multipurpose building and a part of the
5 land upon which it is built. In the case of a mobilehome not
6 assessed as real property that is located on land owned by the
7 claimant, “residential dwelling” includes the land on which the
8 mobilehome is situated and so much of the land surrounding it as
9 reasonably necessary for use of the mobilehome as a home. It shall
10 also include a dwelling unit that is a mobilehome owned by a
11 claimant subject to property taxation pursuant to Part 13
12 (commencing with Section 5800) of Division 1 and located on
13 land that is owned or rented by the claimant, *which it is built. It*
14 *also includes a mobilehome that is attached to a permanent*
15 *foundation and assessed as real property.*

16 (b) As used in this chapter in reference to ownership interests
17 in residential dwellings, “owned” includes (1) the interest of a
18 vendee in possession under a land sale contract provided that the
19 contract or memorandum thereof is recorded and only from the
20 date of recordation of the contract or memorandum thereof in the
21 office of the county recorder where the residential dwelling is
22 located, (2) the interest of the holder of a life estate provided that
23 the instrument creating the life estate is recorded and only from
24 the date of recordation of the instrument creating the life estate in
25 the office of the county recorder where the residential dwelling is
26 located, but “owned” does not include the interest of the holder of
27 any remainder interest or the holder of a reversionary interest in
28 the residential dwelling, (3) the interest of a joint tenant or a tenant
29 in common in the residential dwelling or the interest of a tenant
30 where title is held in tenancy by the entirety or a community
31 property interest where title is held as community property, and
32 (4) the interest in the residential dwelling in which the title is held
33 in trust, as described in subdivision (d) of Section 62, provided
34 that the Controller determines that the state’s interest is adequately
35 protected.

36 (c) For purposes of this chapter, the registered owner of a
37 mobilehome *attached to a permanent foundation and assessed as*
38 *real property* shall be deemed to be the owner of the mobilehome.

(d) Except as provided in subdivision (c), ownership must be evidenced by an instrument duly recorded in the office of the county where the residential dwelling is located.

(e) “Residential dwelling” does not include any of the following:

(1) Any residential dwelling in which the owners do not have an equity of at least 30 percent of the full value of the property as determined for purposes of property taxation or at least 30 percent of the fair market value as determined by the Controller and where the Controller determines that the state’s interest is adequately protected. The 30-percent equity requirement shall be met at the time the claimant or authorized agent files an initial postponement claim and for each subsequent year of participation thereafter prior to the Controller issuing payment as prescribed in Section 20602.

(2) Any residential dwelling in which the claimant’s interest is held pursuant to a contract of sale or under a life estate, unless the claimant obtains the written consent of the vendor under the contract of sale, or the holder of the reversionary interest upon termination of the life estate, for the postponement of taxes and the creation of a lien on the real property in favor of the state for amounts postponed pursuant to this act.

(3) Any residential dwelling on which the claimant does not receive a secured tax bill.

(4) Any residential dwelling in which the claimant’s interest is held as a possessory interest, except as provided in Chapter 3.5 (commencing with Section 20640).

~~SEC. 21.~~

SEC. 40. Section 20583.1 of the Revenue and Taxation Code is amended to read:

20583.1. For purposes of Section 20583, “residential dwelling” shall not include houseboats and floating homes.

~~SEC. 22.~~

SEC. 41. Section 20584.1 is added to the Revenue and Taxation Code, to read:

20584.1. The Controller shall prescribe a maximum annual postponement loan amount.

~~SEC. 23.~~

SEC. 42. Section 20585 of the Revenue and Taxation Code is amended to read:

20585. Postponement shall not be allowed under this chapter; ~~Chapter 3.3 (commencing with Section 20639);~~ or Chapter 3.5

(commencing with Section 20640) if household income exceeds either any of the following amounts:

(a) For the 1976 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed twenty thousand dollars (\$20,000).

(b) For all subsequent calendar years and approved fiscal years, postponement shall not be allowed under this chapter, ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640) if household income exceeds an amount determined as follows:

(1) On or before March 1 of each year, the California Department of Industrial Relations shall transmit to the Controller the percentages of increase in the California Consumer Price Index for all Urban Consumers and in the California Consumer Price Index for Urban Wage Earners and Clerical Workers of December of the prior calendar year over December of the preceding calendar year.

(2) The Controller shall compute an inflation adjustment factor by adding 100 percent to the larger of the California Consumer Price Index percentage increases furnished pursuant to paragraph (1).

(3) In 1978, the Franchise Tax Board shall multiply twenty thousand dollars (\$20,000) by the inflation adjustment factor to determine the maximum allowable gross household income for the 1977 calendar year and for approved fiscal years commencing within that calendar year. In 1979 and subsequent calendar years through and including 1983, the Controller shall multiply the maximum allowable household income determined for the preceding calendar year by the inflation adjustment factor to determine the maximum allowable household income for the applicable calendar year and approved fiscal years commencing within that calendar year. In determining the maximum allowable household income pursuant to this section, the Controller shall round that amount to the nearest hundred dollar amount.

(c) For calendar year 1984 and subsequent calendar years and for approved fiscal years commencing within those years, postponement shall not be allowed under this chapter, ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640), if household income exceeds an amount determined as follows:

(1) For claimants who filed and qualified in the calendar year 1983 and for whom postponement has been allowed for each subsequent calendar year up to and including the calendar year 2007, thirty-four thousand dollars (\$34,000). For these same claimants, for the calendar year 2008 or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-five thousand five hundred dollars (\$35,500).

(2) For all other claimants, for calendar years up to and including 2006, household income shall not exceed twenty-four thousand dollars (\$24,000). For these same claimants, for the 2007 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-one thousand five hundred dollars (\$31,500). For these same claimants, for the 2008 calendar year or for any approved fiscal year commencing within that calendar year, household income shall not exceed thirty-five thousand five hundred dollars (\$35,500).

(3) (A) For all claimants for the calendar year ~~2009~~ 2010 or for any approved fiscal year commencing within that calendar year, postponement shall not be allowed under this chapter, ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640), if household income exceeds thirty-five thousand five hundred dollars (\$35,500).

(B) For the ~~2010~~ 2011 calendar year and each subsequent calendar year, and for any approved fiscal year commencing within that calendar year, the household income amount specified in subparagraph (A) shall be adjusted for inflation, in accordance with an inflation factor determined pursuant to paragraphs (1) and (2) of subdivision (b).

~~SEC. 24.~~

SEC. 43. Section 20586 of the Revenue and Taxation Code is amended to read:

20586. (a) For the purposes of Chapter 2 (commencing with Section 20581), ~~Chapter 3.3 (commencing with Section 20639), and Chapter 3.5~~ Section 20581) and Chapter 3.5 (commencing with Section 20640), only one claimant per household each year shall be entitled to postponement. When two or more individuals in a household are qualified as claimants, they may determine who the claimant shall be. Such decision is irrevocable. If the

1 individuals are unable to agree, the matter shall be determined by
2 the Controller and his or her decision shall be final.

3 (b) Except as provided in Section 16190 of the Government
4 Code and, notwithstanding any law, any amounts paid by the
5 Controller in the county during a calendar year pursuant to the
6 property tax postponement program together with any accrued
7 interest shall be repaid by the claimant to the state no later than
8 June 30 of the year following the expiration of the 10-year period.
9 A claimant's continued participation in the program shall be
10 conditioned upon compliance with this subdivision.

11 ~~SEC. 25.~~

12 *SEC. 44.* Section 20587 is added to the Revenue and Taxation
13 Code, to read:

14 20587. (a) For the purposes of this chapter, "income" means
15 adjusted gross income as defined in Section 17072 plus all of the
16 following cash items:

- 17 (1) Public assistance and relief.
- 18 (2) Nontaxable amount of pensions and annuities.
- 19 (3) Social security benefits (except Medicare).
- 20 (4) Railroad retirement benefits.
- 21 (5) Unemployment insurance payments.
- 22 (6) Veterans' benefits.
- 23 (7) Exempt interest received from any source.
- 24 (8) Gifts and inheritances in excess of three hundred dollars
25 (\$300), other than transfers between members of the household.
26 Gifts and inheritances include noncash items.
- 27 (9) Amounts contributed on behalf of the contributor to a
28 tax-sheltered retirement plan or deferred compensation plan.
- 29 (10) Temporary workers' compensation payments.
- 30 (11) Sick leave payments.
- 31 (12) Nontaxable military compensation as defined in Section
32 112 of the Internal Revenue Code.
- 33 (13) Nontaxable scholarship and fellowship grants as defined
34 in Section 117 of the Internal Revenue Code.
- 35 (14) Nontaxable gain from the sale of a residence as defined in
36 Section 121 of the Internal Revenue Code.
- 37 (15) Life insurance proceeds to the extent that the proceeds
38 exceed the expenses incurred for the last illness and funeral of the
39 deceased spouse of the claimant. "Expenses incurred for the last
40 illness" includes unreimbursed expenses paid or incurred during

1 the income calendar year and any expenses paid or incurred
2 thereafter up until the date the claim is filed. For purposes of this
3 paragraph, funeral expenses shall not exceed five thousand dollars
4 (\$5,000).

5 (16) If an alternative minimum tax is required to be paid
6 pursuant to Chapter 2.1 (commencing with Section 17062) of Part
7 10, the amount of alternative minimum taxable income (whether
8 or not cash) in excess of the regular taxable income.

9 (17) Annual winnings from the California Lottery in excess of
10 six hundred dollars (\$600) for the current year.

11 (b) The total household income shall not include amounts
12 deducted for a net business loss, net rental loss, net capital loss,
13 or other net losses, amounts deducted for depreciation, or other
14 noncash expenses.

15 (c) For purposes of Chapter 2 (commencing with Section 20581)
16 and Chapter 3.5 (commencing with Section 20640), total income
17 shall be determined for the calendar year ending immediately prior
18 to the commencement of the fiscal year for which postponement
19 is claimed.

20 ~~SEC. 26.~~

21 *SEC. 45.* Section 20588 is added to the Revenue and Taxation
22 Code, to read:

23 20588. "Household income" means all income received by all
24 persons of a household while members of the household. In the
25 case of a nonresident claimant, "household income" also includes
26 all income of the claimant during the year without regard to source.

27 ~~SEC. 27.~~

28 *SEC. 46.* Section 20589 is added to the Revenue and Taxation
29 Code, to read:

30 20589. (a) "Claimant" means an individual who is either of
31 the following:

32 (1) For purposes of this chapter was either (1) 62 years of age
33 or older on the last day of the calendar year or approved fiscal year
34 designated in subdivision (b) or Section 20587, or (2) blind or
35 disabled, as defined in Section 12050 of the Welfare and
36 Institutions Code on the last day of the calendar year or approved
37 fiscal year designated in subdivision (b) ~~of or~~ Section 20587, who
38 was a member of the household, and who was (1) the owner and
39 occupier of a residential dwelling on the last day of the year
40 designated in subdivision (b) or (c) of Section 20503, or (2) the

renter of a rented residence on or before the last day of the year designated in subdivision (b) of Section 20503. An individual who qualifies as an owner-claimant may not qualify as a renter-claimant for the same year.

(2) (A) For purposes of this chapter, ~~Chapter 3.3 (commencing with Section 20639)~~, and Chapter 3.5 (commencing with Section 20640) was a member of the household and either an owner-occupant, or a possessory interestholder occupant, ~~or a mobilehome owner-occupant~~, as the case may be, of the residential dwelling as to which postponement is claimed and who was 62 years of age or older by December 31 of the fiscal year for which postponement is claimed.

(B) For purposes of this chapter, ~~Chapter 3.3 (commencing with Section 20639)~~, and Chapter 3.5 (commencing with Section 20640) was a member of the household and an owner-occupant of the residential dwelling as to which postponement is claimed and who was blind or disabled, as defined in Section 12050 of the Welfare and Institutions Code, at the time of application or on December 10 of the fiscal year for which postponement is claimed, whichever is earlier.

(b) Where amounts have been postponed for any given fiscal year and the claimant continues to own and occupy the residential dwelling on December 31 of the calendar year in which the fiscal year begins, and the claimant sells the dwelling and buys a new residential dwelling in this state on or before December 31 of the following fiscal year and the new dwelling is the claimant's principal place of residence, then in that event, the claimant shall be deemed to be a qualified claimant for the purpose of this section. These regulations shall become effective immediately upon filing with the Secretary of State.

~~SEC. 28.~~

SEC. 47. Section 20590 is added to the Revenue and Taxation Code, to read:

20590. "Household" includes the claimant and all other persons, except bona fide renters, minors, or students (as defined by Section 151(c)(4) of the Internal Revenue Code), whose principal place of residence is the residential dwelling of the claimant.

~~SEC. 29.~~

SEC. 48. Section 20591 is added to the Revenue and Taxation Code, to read:

1 20591. (a) A claimant shall not lose his or her eligibility for
2 property tax postponement if he or she is temporarily confined to
3 a hospital or medical institution for medical reasons where the
4 residential dwelling was the principal place of residence of the
5 claimant immediately prior to the confinement.

6 (b) For purposes of this section, “medical institution” means a
7 facility operated by, or licensed by, the United States, one of the
8 several states, a political subdivision of a state, the State
9 Department of Health Care Services, or exempt from such licensure
10 pursuant to subdivision (c) of Section 1312 of the Health and Safety
11 Code.

12 ~~SEC. 30.~~

13 ~~SEC. 49.~~ Section 20602 of the Revenue and Taxation Code is
14 repealed.

15 ~~SEC. 31.~~

16 ~~SEC. 50.~~ Section 20602 is added to the Revenue and Taxation
17 Code, to read:

18 20602. (a) Upon approval of a claim described in Section
19 20601, ~~the~~ *the Controller shall determine if the property is subject*
20 *to a property tax postponement lien recorded pursuant to Section*
21 *16182 of the Government Code.*

22 *(1) If the property is subject to a property tax postponement*
23 *lien, the county tax collector shall provide the Controller the*
24 *amount of the claimant’s property taxes due.*

25 *(2) If the property is not subject to a property tax postponement*
26 *lien, the Controller shall notify the county tax collector, who shall*
27 *enter the address of the property, the name of the claimant, the*
28 *county code, and the assessor’s parcel number on a notice of lien*
29 *for postponed property taxes, on a form which shall be provided*
30 *by the Controller. The county tax collector shall then forward the*
31 *notice to the assessor. The county tax collector shall provide*
32 *verification that the “notice of lien for postponed property taxes”*
33 *has been filed in a manner prescribed by the Controller and shall*
34 *provide to the Controller the amount of the claimant’s taxes due.*

35 (b) Upon receipt of the ~~verification~~ *amount of the claimant’s*
36 *taxes due and the verification of the notice of lien for postponed*
37 *property taxes* required by subdivision (a), the Controller shall
38 issue a property tax postponement payment on behalf of a qualified
39 claimant in a manner prescribed by the Controller.

1 (c) The Controller shall be indemnified from any losses that
2 result from the inaccurate filing of the “notice of lien for postponed
3 property taxes” by the county tax collector, assessor, or county
4 recorder.

5 ~~SEC. 32.~~

6 *SEC. 51.* Section 20605 of the Revenue and Taxation Code is
7 amended to read:

8 20605. (a) The postponement of property taxes pursuant to
9 this chapter shall not affect the obligation of a borrower to continue
10 to make payments to a lender with respect to an impound, trust,
11 or other type of account described in Section 2954 of the Civil
12 Code which was established prior to the effective date of
13 subdivision (b).

14 (b) Except where required by federal law ~~or regulation,~~
15 *regulation, rule, or program*, and notwithstanding Sections 7153.2
16 and 7153.8 of the Financial Code, or in the case of a loan which
17 is made, guaranteed, or insured by a federal government lending
18 or insuring agency requiring the borrower to make payments to a
19 lender with respect to an impound, trust, or other type of account
20 described in Section 2954 of the Civil Code, or where this
21 subdivision would impair the obligations of a loan agreement
22 executed prior to the effective date of this subdivision, no lender
23 shall require a borrower to maintain an impound, trust or other
24 type of account with regard to taxes once such borrower has elected
25 to postpone such taxes pursuant to this chapter and has first
26 submitted to such lender evidence of tax postponement. Any
27 payments made by such borrower, prior to the time of submission
28 of such evidence of tax postponement, to such an impound, trust
29 or other type of account with regard to taxes for any such period,
30 if not previously used in payment or partial payment of such taxes,
31 shall be refunded to such borrower within 30 days thereafter.

32 (c) (1) A mortgagee, trustee, or other person authorized to take
33 ~~sale on real property due to the mortgagor's or trustor's failure to~~
34 ~~pay property taxes shall not file notice of default for five years~~
35 ~~following the initial authorization to take sale if the mortgagor or~~
36 ~~trustor provides evidence of participation in the property tax~~
37 ~~postponement program established pursuant to Section 16180 of~~
38 ~~the Government Code.~~

39 (2) ~~Notwithstanding subdivision (b), no lender shall require a~~
40 ~~borrower to maintain an impound, trust, or other type of account~~

1 ~~with regard to taxes for a borrower who provides evidence of~~
2 ~~participation in the property tax deferral program. sale shall not~~
3 ~~file a notice of default based solely on a mortgagor's failure to~~
4 ~~pay property taxes, until at least five years have elapsed from the~~
5 ~~date on which the property taxes became delinquent, if the~~
6 ~~mortgagor or trustor provided the mortgagee, trustee, or other~~
7 ~~person authorized to take sale evidence of his or her participation~~
8 ~~in the Senior Citizens and Disabled Citizens Property Tax~~
9 ~~Postponement Program during the 2008–09 fiscal year.~~

10 (3)

11 (2) Written confirmation from the Controller identifying the
12 individual as a participant in the program *during the 2008–09 fiscal*
13 *year* shall be considered evidence of participation in the property
14 tax postponement program for purposes of this section. The
15 Controller shall provide written notice to individuals that
16 participated in the program ~~during 2008 or 2009~~ *the 2008–09 fiscal*
17 *year* for use as evidence of participation.

18 ~~SEC. 33.~~

19 *SEC. 52.* Section 20621 of the Revenue and Taxation Code is
20 amended to read:

21 20621. Each claimant applying for postponement under Article
22 2 (commencing with Section 20601) shall file a claim under penalty
23 of perjury with the Controller on a form supplied by the Controller.
24 The claim shall contain all of the following:

25 (a) Evidence acceptable to the Controller that the person was a
26 “senior citizen claimant” or a “blind or disabled claimant.”

27 (b) A statement showing the household income for the period
28 set forth in Section 20503.

29 (c) A statement describing the residential dwelling in a manner
30 that the Controller may prescribe.

31 (d) The name of the county in which the residential dwelling is
32 located and the address of the residential dwelling.

33 (e) The county assessor’s parcel number applicable to the
34 property for which the claimant is applying for the postponement
35 of property taxes.

36 (f) Documentation evidencing the current existence of any
37 abstract of judgment, federal tax lien, or state tax lien filed or
38 recorded against the applicant, and any recorded mortgage or deed
39 of trust that affects the subject residential dwelling, for the purpose
40 of determining that the claimant possesses a 30-percent equity in

1 the subject residential dwelling as required by paragraph (1) of
2 subdivision (e) of Section 20583.

3 (g) Authorization for the Controller to pay the claimant's
4 property taxes, if approved, and promising repayment of the loan
5 as provided by Section 16190 of the Government Code.

6 (h) Other information required by the Controller to establish
7 eligibility.

8 ~~SEC. 34.~~

9 *SEC. 53.* Section 20622 of the Revenue and Taxation Code is
10 amended to read:

11 20622. ~~(a)~~ The claim for postponement shall be filed after July
12 1 of the calendar year in which the fiscal year for which
13 postponement is claimed begins, and on or before September 30
14 of that fiscal year; if September 30 falls on Saturday, Sunday, or
15 a legal holiday, the date is extended to the next business day. Any
16 claim for postponement filed after September 30, and on or before
17 June 30, may be considered for good cause.

18 ~~(b) Any claims for postponement for the 2009-10 fiscal year~~
19 ~~shall be filed after the effective date of the act adding this section~~
20 ~~and on or before April 9, 2010.~~

21 ~~SEC. 35.~~

22 *SEC. 54.* Section 20623 of the Revenue and Taxation Code is
23 repealed.

24 ~~SEC. 36.~~

25 *SEC. 55.* Chapter 3 (commencing with Section 20625) of Part
26 10.5 of Division 2 of the Revenue and Taxation Code is repealed.

27 ~~SEC. 37.~~ Section 20639.1 of the Revenue and Taxation Code
28 is amended to read:

29 20639.1. ~~(a) Unless the context otherwise requires or unless~~
30 ~~otherwise provided in this chapter, the definitions given in Chapter~~
31 ~~2 (commencing with Section 20581) shall govern the construction~~
32 ~~of this chapter.~~

33 ~~(b) Unless the context otherwise dictates or unless otherwise~~
34 ~~provided in this chapter, the provisions of Chapter 1 (commencing~~
35 ~~with Section 101) and Chapter 2 (commencing with Section 155)~~
36 ~~of Part 1 of Division 1 of this code, Section 2931e of the Civil~~
37 ~~Code, Chapter 4.5 (commencing with Section 14735) of Part 5.5~~
38 ~~of Division 3 of Title 2 of the Government Code, Chapter 6~~
39 ~~(commencing with Section 16180) of Part 1 of Division 4 of Title~~
40 ~~2 of the Government Code, Division 13 (commencing with Section~~

1 17000) of the Health and Safety Code, and Division 9
2 (commencing with Section 9101) of the Commercial Code shall
3 be applicable to property tax postponements made pursuant to this
4 chapter.

5 SEC. 38. Section 20639.6 of the Revenue and Taxation Code
6 is amended to read:

7 20639.6. (a) Upon receipt of the information described in
8 Section 20639.9, the Controller shall determine whether the state's
9 interest would be adequately protected if postponement is granted;
10 and, if so, the Controller shall issue a property tax postponement
11 payment as provided by Section 20602.

12 (b) The Controller shall secure a lien against the mobilehome
13 that is sufficient to secure the state's interest in loan repayment.

14 SEC. 39. Section 20639.8 of the Revenue and Taxation Code
15 is amended to read:

16 20639.8. The claim for postponement shall be filed pursuant
17 to Section 20622.

18 SEC. 40. Section 20639.9 of the Revenue and Taxation Code
19 is amended to read:

20 20639.9. Each claimant applying for postponement under this
21 chapter shall file a claim under penalty of perjury as provided by
22 Section 20621. A claim filed under this chapter shall also include
23 both of the following:

24 (a) A copy of the Certificate of Title issued by the Department
25 of Housing and Community Development or the certificate of
26 ownership issued by the Department of Motor Vehicles.

27 (b) A copy of the registration card issued by the Department of
28 Housing and Community Development or the Department of Motor
29 Vehicles.

30 SEC. 41. Section 20639.11 of the Revenue and Taxation Code
31 is amended to read:

32 20639.11. All amounts postponed pursuant to this chapter shall
33 become due and payable as provided by Sections 16180 and 16190
34 of the Government Code.

35 SEC. 56. Chapter 3.3 (commencing with Section 20639) of
36 Part 10.5 of Division 2 of the Revenue and Taxation Code is
37 repealed.

38 SEC. 42.

39 SEC. 57. Section 20640.1 of the Revenue and Taxation Code
40 is amended to read:

1 20640.1. (a) Unless the context otherwise requires or unless
2 otherwise provided in this chapter, the definitions given in Chapter
3 2 (commencing with Section 20581) shall govern the construction
4 of this chapter.

5 (b) Unless the context otherwise dictates or unless otherwise
6 provided in this chapter, the provisions of Chapter 2 (commencing
7 with Section 20581), Civil Code Section 2924b, Civil Code Section
8 2931c, Chapter 4.5 (commencing with Section 14735) of Part 5.5
9 of Division 3 of Title 2 of the Government Code, Chapter 6
10 (commencing with Section 16180) of Part 1 of Division 4 of Title
11 2 of the Government Code shall be applicable to property tax
12 postponements made pursuant to this chapter.

13 ~~SEC. 43.~~

14 *SEC. 58.* Section 20640.3 of the Revenue and Taxation Code
15 is amended to read:

16 20640.3. A claimant is an individual who does all of the
17 following:

18 (a) Holds a right to a possessory interest pursuant to a validly
19 recorded instrument conveying such possessory interest for a term
20 of years no less than 45 years beyond the last day of the calendar
21 year ending immediately prior to the fiscal year for which taxes
22 are initially postponed.

23 (b) Occupies as a principal place of residence the residential
24 dwelling affixed to such possessory interest real property on the
25 last day of the year designated in subdivision (c) of Section 20503.

26 (c) Satisfies the requirements specified in paragraph (1) or (2)
27 of subdivision (a) of Section 20589.

28 ~~SEC. 44.~~

29 *SEC. 59.* Section 20640.4 of the Revenue and Taxation Code
30 is amended to read:

31 20640.4. (a) Subject to the limitations provided in Chapter 2
32 (commencing with Section 20581), or this chapter, a claimant may
33 file with the Controller, a claim for postponement of a sum equal
34 to, but not exceeding the amount of property taxes, for the fiscal
35 year for which the claim is made.

36 (b) Upon verification of the eligibility requirements set forth in
37 Section 20640.9 the Controller shall mail the claimant a Notice of
38 Election to Postpone which shall be in the form and contain such
39 information as the Controller may prescribe. Accompanying the
40 notice shall be a statement explaining that in order for the claimant

1 to postpone all or part of the property taxes, the Notice of Election
2 to Postpone must be mailed to the Controller with a copy of the
3 instrument creating the possessory interest, said copy to be certified
4 by the county recorder of the county in which such real property
5 is located. Where a memorandum of lease has been recorded in
6 lieu of such instrument, a certified copy of said memorandum shall
7 accompany the copy of the instrument creating the possessory
8 interest.

9 (c) (1) Except as provided in this section, any possessory
10 interest or improvement on which property taxes are delinquent
11 at the time the application for postponement under this chapter is
12 made or on which any other property tax or special assessment
13 imposed by a special district or other tax code area are delinquent
14 at the time the application for postponement under this chapter is
15 made shall not be eligible for postponement.

16 (2) For 1978–79 and thereafter, any taxes or assessments which
17 became delinquent after the claimant was 62 and before a lien is
18 established pursuant to Section 16182 of the Government Code
19 shall not disqualify an otherwise eligible claimant for postponement
20 under this chapter. An application to postpone taxes for 1978–79
21 or thereafter also constitutes an application for postponement of
22 all such delinquent taxes and assessments, together with any
23 penalties, interest, fees, or other charges resulting from such
24 delinquency and such amounts shall, unless otherwise paid by the
25 claimant, be paid out of the amount appropriated by Section 16100
26 of the Government Code and shall be added to and become part
27 of the obligation secured by the lien provided by Section 16182
28 of the Government Code.

29 (d) The Controller shall mail to claimant for due execution the
30 appropriate security instrument for claimant's form of lease,
31 including the consent to assignment required by Section
32 20640.5(b).

33 ~~SEC. 45.~~

34 *SEC. 60.* Section 20640.6 of the Revenue and Taxation Code
35 is amended to read:

36 20640.6. (a) Upon receipt of the information described in
37 Section 20640.4 and Section 20640.5, the Controller shall
38 determine whether the state's interest would be adequately
39 protected if postponement is granted, and if so, shall issue a
40 property tax postponement payment as provided by Section 20602.

(b) The Controller shall secure a lien against the possessory interest that is sufficient to secure the state's interest in loan repayment.

~~SEC. 46.~~

SEC. 61. Section 20640.8 of the Revenue and Taxation Code is amended to read:

20640.8. The claim for postponement shall be filed pursuant to Section 20622.

~~SEC. 47.~~

SEC. 62. Section 20640.9 of the Revenue and Taxation Code is amended to read:

20640.9. Each claimant applying for postponement under this chapter shall file a claim under penalty of perjury pursuant to Section 20621.

~~SEC. 48.~~

SEC. 63. Section 20640.11 of the Revenue and Taxation Code is amended to read:

20640.11. All amounts postponed pursuant to this chapter shall become due and payable as provided by Sections 16180 and 16190 of the Government Code.

~~SEC. 49.~~

SEC. 64. Section 20641 of the Revenue and Taxation Code is amended to read:

20641. Forms filed pursuant to this part shall not be under oath but shall contain, or be verified by, a written declaration that they are made under the penalty of perjury. All forms filed pursuant to Chapter 1 (commencing with Section 20501) shall require such information as the Franchise Tax Board may from time to time prescribe, and shall be filed with the Franchise Tax Board. The Franchise Tax Board shall prepare blank forms for the claimant and shall distribute them throughout the state and furnish them upon application. All forms filed pursuant to Chapter 2 (commencing with Section 20581), ~~Chapter 3.3 (commencing with Section 20639)~~, or Chapter 3.5 (commencing with Section 20640), shall require such information as the Controller may from time to time prescribe, shall be filed with the Controller, and the Controller shall prepare such blank forms for the claimant and shall distribute them throughout the state and furnish them upon application.

SEC. 65. Section 20641.5 of the Revenue and Taxation Code is amended to read:

1 20641.5. If the Controller determines that good cause exists,
2 a reasonable extension for filing a claim under Chapter 2
3 (commencing with Section 20581), ~~Chapter 3 (commencing with~~
4 ~~Section 20625)~~, Chapter 3.3 (commencing with Section 20639),
5 or Chapter 3.5 (commencing with Section 20640) may be granted.
6 However, no extension shall be granted beyond the fiscal year for
7 which postponement is claimed.

8 ~~SEC. 50.~~

9 *SEC. 66.* Section 20643 of the Revenue and Taxation Code is
10 amended to read:

11 20643. If any claimant fails or refuses to furnish any
12 information requested in writing by the Franchise Tax Board,
13 pursuant to this part, Chapter 1 (commencing with Section 20501),
14 or by the Controller, pursuant to Chapter 2 (commencing with
15 ~~Section 20581)~~, Chapter 3.3 (commencing with Section 20639),
16 ~~or Chapter 3.5~~ *Section 20581*) or Chapter 3.5 (commencing with
17 Section 20640) or files a fraudulent claim, the assistance or
18 postponement authorized by this part shall be disallowed.

19 ~~SEC. 51.~~ Section 20648 is added to the Revenue and Taxation
20 Code, to read:

21 ~~20648. For the 2009-10 and 2010-11 fiscal years, if a~~
22 ~~postponement claim is filed under Chapter 2 (commencing with~~
23 ~~Section 20581), Chapter 3.3 (commencing with Section 20639),~~
24 ~~or Chapter 3.5 (commencing with Section 20640), the tax collector~~
25 ~~may cancel any delinquent penalties and interest owed by the~~
26 ~~claimant for those fiscal years.~~

27 *SEC. 67.* Section 20645.5 of the Revenue and Taxation Code
28 is amended to read:

29 20645.5. If a postponement claim under Chapter 2
30 (commencing with Section 20581), ~~Chapter 3.3 (commencing with~~
31 ~~Section 20639)~~, or Chapter 3.5 (commencing with Section 20640)
32 is filed timely but before delinquency date of the first or second
33 installment of property taxes, then any delinquent penalties and
34 interest for such fiscal year shall be canceled unless the failure to
35 perfect the claim was due to willful neglect on the part of the
36 claimant or representative. In the event of such willful neglect, the
37 certificates of eligibility for such fiscal year can be used to pay
38 delinquent taxes only if accompanied by sufficient amounts to pay
39 the delinquent interest and penalties.

1 *SEC. 68. Section 20645.6 of the Revenue and Taxation Code*
2 *is amended to read:*

3 20645.6. If the Controller denies a postponement claim under
4 Chapter 2 (commencing with Section 20581), ~~Chapter 3~~
5 ~~(commencing with Section 20625), Chapter 3.3 (commencing with~~
6 ~~Section 20639),~~ or Chapter 3.5 (commencing with Section 20640),
7 and such denial is reversed after appeal pursuant to Section
8 20645.1, the Controller shall issue a warrant to the claimant, if the
9 taxes for the fiscal year have been paid, for the amount of such
10 taxes. If the taxes for the fiscal year are delinquent, any resulting
11 penalties or interest shall be canceled.

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